Why an MBA Is a Waste of Time and Money

By Penelope Trunk | August 18, 2010

Biography

Penelope Trunk

Penelope Trunk is the founder of three startups, most recently Brazen Careerist, a professional social network for young people. Previously she worked in marketing at Fortune 500 companies including Mattel and Hyundai. Her blog about career advice, blog.penelopetrunk.com, receives half a million visits a month and is syndicated in more than 200 newspapers. She frequently appears as a workplace commentator on CNN, 20/20 and FOX News. She's also the author of Brazen Careerist: The New Rules for Success, a bestselling career advice book for Generation Y.

MBA applications always go up during a bad economy. That is because business school generally attracts people who are lost, and more people who feel more lost when the bad job market is lousy.

But let's be clear: This is not the type of recession where there are no jobs for young people. This is a recession where there are no GOOD jobs. McDonald's is hiring in management. There is a bank teller shortage and a shortage of actuaries. There is a shortage of insurance agents. It's just that people don't grow up dreaming of these jobs. So they don't take them. Instead, people who are early in their career - in that time when an MBA sounds like it might work - those people are determined to have only a good job. And if they can't have that, they get an MBA.

The problem is that an MBA makes it worse.

Here are seven reasons why you should take a bad job instead of getting an MBA.

1. Business school won't help you be a good entrepreneur.

There is no correlation between being a good entrepreneur and going to business school. In fact, according to Saras Sarasvathy, professor at University of Virginia's Darden Business School, the most important skill for an entrepreneur is that you know your weakness and you can find people to fill in your gaps. So you pay a bundle to go to school to learn what you don't and how to find people who can do stuff you can't? Sorry, that doesn't add up. The ultimate irony: entrepreneur programs are booming at business schools.

2. You likely don't need an MBA for what you want to do.

There are some jobs, very few, where you cannot land if you don't have an MBA. These are mostly high-level officer-type positions in the Fortune 500. Even then, though, you probably don't need an MBA. In fact, Forbes reports that CEOs without MBAs bring more value to investors than CEOs who went to business school.

3. MBAs who are not from a top 10 school don't increase their earning power.

So if you're not one of the elite, the degree won't help you earn more. According to the recruiting firm Challenger & Gray, the degree simply does not separate you from other people in any significant way; it's too easy to get an MBA from a second-tier school. The cost of the degree is so much more than the combined cost of taking two years off of work and paying for the degree that you are better off taking a job you don't particularly like and getting a night-school MBA after work hours.

4. It's pointless after a certain age.

Let's say you do get into a top-ten school. Don't go if you are older than 28. You are too far along in your career to leverage the degree enough to increase your earning power enough to make up for the sticker cost of the degree. In fact, it is so important to get the degree early in your career that Wharton and Harvard have started accepting women earlier than men because the biological clock truncates a woman's ability to leverage the MBA early enough in their career to make it worth the money.

5. An MBA is too limiting.

You can't take an entry-level job after you get an MBA, so you had better know what you like to do. And can't take a job in a low-paying industry because you have to pay back the loans. So not only is an MBA useless for most jobs, but it also makes you unqualified for more jobs that it qualifies you for

6. An MBA makes you look desperate

Top ten business schools will not accept you unless you have a clear plan for what you will do with the degree after you graduate. You need to have shown that you have a propensity for some sort of business and that you need the degree to get where you want in that business. Unfortunately, most other schools will take you if you don't have a plan even though it's been shown that people who go to business school with no plan for their career graduate with no plan for their career. And then you look not just lost, but desperate.

7. Business school puts off the inevitable.

Look, it's really hard to be an adult. You go to school for twenty years being told what to learn and what to think and when to show up, and then you get tossed into adult life and there is no one telling you what's right for you. You have to figure it out, but you didn't go to school for that. In fact, school is the opposite of that. So it looks fine to be lost in your 20s. This is when everyone is taking time to figure things out. It does not look fine to spend $150,000 to go back to school just to put off the hard knocks of figuring out where you belong in the workforce. Face reality. Join the workforce.